

RUS Public Meeting on Rural Broadband Access

Statement of Administrator Hilda Gay Legg:

Good morning and welcome to the Rural Utilities Service's (RUS) "Public Meeting on Rural Broadband Access." Let me first thank everyone in attendance and, particularly, our panel of speakers, for their willingness to participate on such short notice. It really speaks highly of the industry and the organizations you represent to answer this call for action and interaction on the critical issue of rural broadband access. I have always believed in multi-level partnerships between the government and the private sector as a way of fostering meaningful policy and implementing realistic strategies. So thank all of you again for your prompt response to this meeting and your willingness to participate.

The issues of broadband deployment and the demand for broadband are at the very heart of keeping our rural communities viable – and rural America **MUST BE READY!** Having come from rural America, I can assure you that I have faced many of the same challenges some of you face in your communities today. How do we keep our schools competitive? How can we stimulate our economy? Who will provide quality health care? These are issues all of America faces – but in rural America, technology can play a vital role solving problems created by time, distance, location, and lack of resources.

As most of you know, before becoming Administrator, I was the Executive Director and CEO of the Center for Rural Development in Somerset, Kentucky -- a position and experience that has helped prepare me for the job we have ahead of us. The Center is a national model for economic development in rural areas and for related educational, cultural, and recreational purposes. Through its emphasis on advanced technology and operating capacity, the Center exposes Kentucky business, industry and research leaders to new opportunities from domestic as well as international sources. And, while my roots are in rural America – my goals are for all of America. As we have seen so many times before, for us to be successful as a united nation, we must work together. Henry Ford said, "Coming together is a beginning, staying together is progress, and working together is success!"

The Bush Administration and Congress have worked hard in these fiscally-challenged times to devote scarce monetary resources in an ongoing effort to stimulate this country's economic and social well being. The Farm Security and Rural Investment Act of 2002 – otherwise known as the Farm Bill – brings with it tremendous investment opportunities for rural America. Over the next six years, RUS has been directed to make nearly \$2 billion in loans and loans guarantees for the deployment of broadband service in eligible rural communities. Many of you are aware that, over the past two years, in addition to our "traditional" Telecommunications Program, which provides almost \$700 million in loans annually, we have operated a pilot program for the facilitation of broadband services in rural America. These pilot funds, totaling \$180

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million, have provided funding to 28 entities serving towns up to 20,000 in population. We are fortunate to have had this opportunity, through the pilot program, because it has helped prepare us for the challenge ahead and the new opportunities Congress and the President have presented in the Farm Bill.

So as we officially close the Pilot Program, we begin a new chapter in bringing advanced telecommunications services to rural America. RUS is in the process of crafting regulations to implement the new Broadband Loan Program. The Farm Bill has granted us the rare opportunity to implement the new regulations in a very unique way. Specifically, the Agency is required to implement regulations in a “single proceeding”, without the opportunity for public notice and comment. Not only are we on a very fast track to implement this new program, we want to be sure to incorporate what we learned from the pilot program as well as what our industry partners have learned in their endeavors. So we voluntarily and eagerly solicit your input.

For those of you who were familiar with the pilot program, the Farm Bill program differs in several significant ways. First, the legislation directs us to make loans and loan guarantees and provides the option of making direct 4% loans. At the beginning of each fiscal year, we are required to allocate the funds available during the fiscal year to individual state reserves based upon the number of communities in each state with a population of 2,500 or less as compared to the total number of communities in all states with a population of 2,500 or less. The legislation also directs RUS to establish a priority for eligible rural communities where broadband service is not available to residential customers, thereby implying that RUS can make loans for competitive broadband ventures. These challenging issues add a new level of opportunity to our RUS programs. Our meeting today will enable our stakeholders to provide input into these important proceedings and will allow RUS to benefit from the varying ranges of information, experience, and expertise that each of you bring to the table today.

I want to personally thank each of you for your dedication to rural America and the telecommunications industry and for your role in helping the Federal government invest in rural America’s future.